

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Competitive Product Prices
Parcel Select & Parcel Return Service
Parcel Select & Parcel Return Service Contract 14
Negotiated Service Agreement

Docket No. MC2022-17

Competitive Product Prices
Parcel Select & Parcel Return Contract 14 (MC2022-17)
Negotiated Service Agreement

Docket No. CP2022-18

PUBLIC REPRESENTATIVE COMMENTS ON
UNITED STATES POSTAL SERVICE REQUEST TO ADD
PARCEL SELECT & PARCEL RETURN SERVICE CONTRACT 14 TO THE
COMPETITIVE PRODUCT LIST

(November 10, 2021)

The Public Representative hereby provides comments pursuant to a notice initiating this docket.¹ In that Notice, the Commission established the above referenced docket to receive comments from interested persons, including the undersigned Public Representative, on a Postal Service request to add Parcel Select & Parcel Return Service Contract 14 to the competitive product list.²

The Postal Service's Request includes a Statement of Supporting Justification, a certification of compliance with 39 U.S.C. § 3633(a), a public (redacted) version and related analysis, of Parcel Select & Parcel Return Service Contract 14, and proposed changes to the Mail Classification Schedule Competitive Product List. The Postal Service also filed under seal an unredacted version of Governor's Decision No. 19-1

¹ Notice Initiating Docket(s) for Recent Postal Service Negotiated Service Agreement Filings, November 3, 2021. (Notice)

² USPS Request to Add Parcel Select & Parcel Return Contract 14 to Competitive Product List and Notice of Filing Materials Under Seal, November 2, 2021 (Request).

and Contract 14, and supporting financial data estimating the contract value during the first year.

According to the Postal Service, Parcel Select & Parcel Return Service Contract 14 is a competitive product featuring rates “not of general applicability” within the meaning of 39 U.S.C. § 3632(b)(3). Request at 1. The Postal Service also maintains that the prices and classification changes applicable to Contract 14 are supported by Governors’ Decision No. 19-1. The Postal Service further asserts that the Statement of Supporting Justification (Statement) provides support for adding Contract 14 to the Competitive Product List and the compliance of the instant contract with 39 U.S.C. § 3633(a). Request at 2; *Id.*, Attachment D.

The effective date for Contract 14 is 3 business days following the day on which the Commission issues all necessary regulatory approvals. *Id.*, Attachment B, at 24. The contract will expire March 31, 2025 unless either party terminates the contract on 90 days’ prior written notification, or other specific events. *Id.*

II. COMMENTS

The Public Representative has reviewed the instant contract, the Statement of Supporting Justification, certificate of compliance, and non-public financial data which accompanies the request. The Public Representative concludes that Parcel Return and Parcel Select Contract 14 should be categorized as a competitive product and added to the competitive product list.

Product List Assignment. Pursuant to 39 U.S.C. § 3642, the Postal Service requests that Parcel Select & Parcel Return Service Contract 14 be added to the competitive product list. 39 U.S.C. § 3642 requires the Commission to consider whether “the Postal Service exercises sufficient market power that it can effectively set the price of such product substantially above costs, raise prices significantly, decrease quality, or decrease output, without risk of losing a significant level of business to other firms offering similar products.” 39 U.S.C. § 3642(b)(1). Products over which the Postal Service exercises such power are categorized as market dominant while all others are categorized as competitive. Based upon the Postal Service’s Statement of

Supporting Justification, the Public Representative concludes that the Postal Service correctly characterizes the proposed product as competitive.

Requirements of 39 U.S.C. § 3633. Pursuant to 39 U.S.C. § 3633(a), the Postal Service's competitive prices must not result in the subsidization of competitive products by market dominant products; ensure that each competitive product will cover its attributable costs; and, ensure that all competitive products collectively contribute an appropriate share of the institutional costs of the Postal Service. Based upon a review of the financial data, the negotiated prices for Contract 14 should generate sufficient revenues to cover costs during the first year and therefore meet the requirements of 39 U.S.C. § 3633(a). In addition, while Contract 14 is expected to remain in effect for several years, during this period, the contract contains a mechanism for the upward annual adjustment of prices.

The Public Representative respectfully submits the foregoing comments for the Commission's consideration.

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